Magic Quadrant for Invoice-to-Cash Applications

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Initiatives: Finance Technology

Invoice-to-cash applications use a single platform with automation and predictive capabilities to drive cash flow, improve collections and enhance customer experience. Corporate controllers can use this research to assess vendors that enable the digital transformation of invoice-to-cash processes.

This Magic Quadrant is related to other research:

View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Gartner defines the invoice-to-cash (I2C) applications market as cloud-based applications that enable corporate controllers to automatically manage collections and apply customer payments to invoices. I2C applications typically gather, disseminate, track and analyze data from and to internal and external sources. They make I2C processes more efficient and effective, including managing and monitoring deductions, disputes and credit risk. They also typically can ensure invoices are delivered to customers and that customers have options to pay them. I2C applications enable I2C transaction processing across multiple ERP systems.

Organizations use I2C applications to collect and apply customer payments to open invoices, perform credit and collections activities, manage deductions and disputes, and deliver and present invoices to customers for payment. I2C applications are cloud-based tools that provide organizations with a standard way of processing across ERPs, while creating flexibility for buyers in how they receive or access invoices as well as pay and dispute them.

I2C applications allow an organization to connect and exchange data with multiple ERP systems and other operational tools, such as customer relationship management tools, as well as with partners such as credit and collections agencies, logistics providers, banks and payment service providers. They use data to determine credit risk, automate collections and cash applications activities as well as help manage the resolution of deductions and disputes. Such activities result in faster collection of cash, improved visibility to cash flow, an improved customer experience and reduced process cost.

Must-Have Capabilities

The must-have capabilities of the I2C applications market include:

- The product must be a cloud-based application.
- The product must provide automated management of collections and the application of customer payments to invoices.

Common Features

Standard Capabilities

The standard capabilities of the I2C applications market include:

- The product can gather, disseminate, track and analyze data from and to internal and external sources to make I2C processes more efficient and effective, including managing and monitoring deductions, disputes and credit risk.
- The product can ensure invoices are delivered to customers and that customers have options to pay them.
- The product is an integrated platform that enables I2C transaction processing across multiple ERP systems.

Magic Quadrant

Figure 1: Magic Quadrant for Invoice-to-Cash Applications

Vendor Strengths and Cautions

Billtrust

Billtrust is a Challenger in this Magic Quadrant. Billtrust Unified AR platform is an integrated suite of order-to-cash solutions that simplifies AR processes and improves customers' payment experience. Its operations are mainly in North America and Europe. Its clients vary in size, with the highest concentration in small enterprises. Billtrust recently enhanced its UI to enable more seamless navigation and integration across its product suite. In 2024, it plans to expand the role of AI in its platform, including its Finance Co-Pilot to increase automation and user support.

Strengths

- **Customer invoicing:** Billtrust's invoicing solution enables invoice consolidation and includes a diverse number of delivery channels, including procure-to-pay (P2P) portals and B2B/B2G clearance channels. Clients can use its invoice management portal to manage and confirm delivery and rely on its dedicated e-invoicing compliance team to stay on top of regulatory changes. It offers e-invoicing compliance in 20 countries.
- **Payments:** With its certified payment facilitator status in the U.S. and Business Payments Network solution, Billtrust offers a full set of tools to optimize payment acceptance costs, such as managing specific buyer-segment payment options, customized and/or optimized interchange rates and buyer surcharging. Clients benefit from the single customer payment environment across multiple use cases, including virtual card capture and pay-by-phone.
- **Geographic and product expansion:** Billtrust is prioritizing expansion in the Netherlands, Belgium, Germany, the U.K. and France, using local resources for sales, marketing and product development. Buyers in these countries may find Billtrust a viable option, particularly since its product supports more than 20 currencies and languages, and can add more languages and currencies if required.

Cautions

- **Credit monitoring:** Billtrust retired its credit solution in 2023 and replaced it with a credit application product, which has a centralized workspace for all application information and life cycle management. While it integrates data from D&B, CreditSafe, Experian and others if needed, buyers seeking an automated process to determine credit risk and credit limits may find this solution limited compared to other vendors in this Magic Quadrant.

- **AI capabilities:** Billtrust's solutions have limited AI capabilities compared to other vendors in this Magic Quadrant, aside from customer-specific machine learning (ML) models in cash applications and the use of customer payment behavior to predict cash flow and optimize collections strategies. Buyers interested in predictions of payments to prioritize collector work queues and dispute validity should assess this vendor's short- to medium-term roadmap.
- **Cash flow position:** Billtrust is profitable, but not cash-flow-positive as it reinvests heavily in R&D and its product, sales and customer support technology under its ownership by EQT. While it is taking actions to become cash-flow-positive in 2024, buyers should request additional details from the vendor for a more up-to-date view of its financial position.

BlackLine

BlackLine is a Challenger in this Magic Quadrant. Blackline Invoice-to-Cash is a cloud-native SaaS platform with ML-powered cash applications for expediting I2C processes. Its operations are mainly in North America, Europe and Asia/Pacific. Its clients vary in size, with the highest concentration in lower-midsize enterprises. BlackLine recently enhanced the AI and ML in its payment forecasting engine with pattern discovery and recognition. In 2024, it plans to introduce a generative AI (GenAI) assistant into its I2C application, allowing customers to ask questions about stored data with faster response times.

Strengths

- **Implementation:** BlackLine has a comprehensive implementation methodology with clearly defined roles, activities, timelines, certified implementation partners and strong practices for holding partners accountable. By adhering to BlackLine's structured implementation approach, clients have a clear path and support for implementation success.
- **Customer support:** BlackLine's customer success program is structured to provide every client with a well-supported experience from the point of sale to implementation and continuously post-go-live. Clients have clear points of contact in both a customer success manager and account manager who actively manage their success with the product and can expect proactive and robust support through community, live and self-service channels.

- **Product capability additions:** BlackLine acquired former partner, Data Interconnect, in 2023, which allowed it to add electronic invoice presentment and payment functionality to its I2C platform. Clients can benefit from vendor-supported e-invoicing compliance capabilities and a customer portal for customers to access and pay invoices.

Cautions

- **AI capabilities:** BlackLine's solutions have more limited AI capabilities compared to other vendors in this Magic Quadrant. However, its credit risk solution does include customer payment predictions to calculate a customer risk score that automatically updates collections strategies. Buyers interested in advanced AI use cases, such as predicting dispute validity, should assess this vendor's short- to medium-term roadmap.
- **Product strategy:** BlackLine's product strategy focuses on building some needed features and functionality (e.g., hierarchical dunning, real-time API connectivity for credit, out-of-box rules and line item matching in cash applications) that already exist in the market, in addition to AI and generative AI functionality. Clients may find a different mix of advanced product features from BlackLine than are already available in the market.
- **User experience:** BlackLine's product lacks a consistent user interface across modules compared to other vendors in this Magic Quadrant, particularly in credit, collections and cash applications. Clients may have to wait for a uniform user experience (UX) as BlackLine makes planned investments in updating its UI/UX.

Emagia

Emagia is a Visionary in this Magic Quadrant. Emagia's Autonomous Order to Cash Platform is a web-based application supported by Gia, its advanced AI assistant, to drive automation. Its operations are mainly in North America and Asia/Pacific. Its clients vary in size, with the highest concentration in upper-midsize enterprises. Emagia recently enhanced features for Gia, GiaDocs, GiaPay and GiaGPT to deliver higher levels of automation and insight to users. In 2024, it plans to create a more modern, responsive, inclusive UI and UX to further improve the user experience.

Strengths

- **AI capabilities:** Emagia incorporates predictive analytics and digitally assisted automation in more product modules than other vendors in this Magic Quadrant. These capabilities include AI/ML for activities such as cash forecasting, collections and customer invoicing, where each invoice has an embedded digital assistant that can send invoice information, accept promises to pay, log disputes and make payments.
- **Innovation focus:** Emagia's business process outsourcing (BPO) partnerships enable it to keep customer acquisition costs low and dedicate more funds to innovation and new product development, resulting in new product capabilities, such as blockchain-enabled technologies. Emagia has the highest R&D spend as a percentage of revenue compared to other vendors in this Magic Quadrant.
- **Geographic and product expansion:** Emagia is expanding its global presence by targeting the U.S., EMEA, Latin America and Asia/Pacific with region-specific strategies, customer support and local partners and pricing. Buyers in these regions may find Emagia a viable option, particularly since its product supports more than 90 countries, 50 currencies and 25 languages, with configurability options to meet additional local needs.

Cautions

- **Payments:** Emagia provides payments orchestration to its B2B clients supporting a variety of payment methods, integration to multiple payment gateways and credit card surcharging. However, its solution does not support check scanning. Buyers looking for this specific capability may prefer other vendors' products.
- **Customer support:** While Emagia is committed to 24/7 email- and web-based customer support for its direct customers, it offers fewer channels, less direct contact and less proactive customer success management compared to other vendors in this Magic Quadrant. Buyers should ensure the vendor's ongoing customer support strategies align with their needs.
- **Implementation:** Emagia's implementation timeline varies but is generally longer compared to other vendors in this Magic Quadrant. Its phased methodology is thorough and Emagia provides dedicated technical support to assist with integrations and data migration if necessary. Buyers should consider their timeline requirements, and request and use Emagia's preparation support, templates and readiness checks for I2C data and processes.

Esker

Esker is a Leader in this Magic Quadrant. Esker's Accounts Receivable solution suite offers a unified interface and a singular user experience, powered by AI, to reduce days sales outstanding (DSO) and increase cash collection. Its operations are mainly in Europe and North America. Its clients vary in size, with the highest concentration in lower-midsize enterprises. Esker recently released e-invoicing dashboards compliant with France's B2B mandate and is becoming a registered e-invoicing and e-reporting provider in France. In 2024, it plans to finish its data lake development to support customer KPI benchmarking and improve payment prediction models.

Strengths

- **AI capabilities:** AI and ML are embedded in Esker's cash application, deduction and dispute, credit and collection solutions. Capabilities include remittance and claims data extraction, email triage, smart matching suggestions, intelligent routing, and payment and blocked order predictions. Clients can rely on its dedicated data science center of excellence for continued optimization of its AI and ML models to improve automation and insights in I2C.
- **Customer support:** Esker has an experienced, stable and growing workforce with strong employee satisfaction that spans various geographies, and it is well-aligned to support regional customer needs in Europe, North America and Asia/Pacific. Clients receive a three-month customer onboarding to learn and optimize the software, three-level options of post-go-live support, robust on-demand training and user community connections.
- **Invoicing compliance:** Esker guarantees compliant invoice delivery in over 60 countries for B2G and B2B, as well as invoice clearance support for Latin American countries. Clients operating in countries with complex local requirements may benefit from these capabilities.

Cautions

- **Innovation focus:** Esker has low R&D spend as a percentage of revenue compared to other vendors in this Magic Quadrant. While it will continue to focus R&D on becoming accredited as a Partner Digitalization Platform in France and product enhancements that use GenAI and its data lake, buyers should know product innovation may have slowed, and they should evaluate the vendor's short- to medium-term product roadmap.

- **Automatic software updates:** Esker only offers automatic software updates to clients in its collections solution. Although it plans to implement automatic updates for all solutions, clients currently need to coordinate updates with the vendor to avoid any disruptions to their processing.
- **Customer portal:** Compared to other vendors in this Magic Quadrant, Esker's customer portal provides limited support for clients to increase their customers' portal adoption and ability to provide differentiated customer views by customer hierarchy, projects or purchase orders without consultant configuration.

FIS

FIS is a Challenger in this Magic Quadrant. FIS GETPAID is a fully integrated, web-based credit-to-cash solution, offered via SaaS, private cloud and on-premises, with AI, automation and workflow to boost finance and operations. Its operations are mainly in North America and Asia/Pacific. Its clients vary in size, with the highest concentration in extra-large enterprises. FIS recently enhanced its cash application automation with new intelligent matching technology. In 2024, it plans to continue working on UX to drive an enhanced, consumerlike experience for clients and their customers.

Strengths

- **AI capabilities:** FIS offers data-driven credit and collections capabilities to identify credit and collections risk, allowing prioritization of customer accounts and collections strategies. Its flexible AI approach gives users the option for transactions to be reviewed for action or automated. Clients can rely on its dedicated data science center of excellence to monitor and optimize AI and ML models and add AI use cases, such as deductions and disputes validation.
- **Fintech experience:** FIS is a large organization that has resources and scale in its operations and partner network to leverage with its I2C product. Buyers may value its strong track record in ensuring data security and its ability to offer multiple financial products through a single finance ecosystem.
- **Sales strategy:** FIS's sales strategy includes direct and indirect sales channels via partners and BPO deals. It is investing heavily in expanding its I2C sales force presence in North America and Europe, targeting small, midsize and large organizations. Buyers in those target markets may also benefit from FIS's focus on offering competitive implementation costs and making the sales cycle faster.

Cautions

- **Innovation focus:** Compared to other vendors in this Magic Quadrant, FIS's innovation approach is limited and less proactive in building out new and differentiating product capabilities, such as predictions for blocked orders and disputes and GenAI functionality.
- **Pricing structure:** FIS offers user-based pricing, while other vendors in this Magic Quadrant primarily offer pricing based on transaction volume and modules. While the FIS pricing model is simple and clear, buyers should assess how pricing aligns with the modules and transaction volume to be processed, their preferences for an established or unlimited number of users, and how they impact collaboration.
- **User experience:** FIS's user interface lacks visuals and simplicity in its workspaces when compared to other vendors in this Magic Quadrant. This issue is particularly evident in its customer portal and cash application solution, which requires users to click into lists to process exceptions and open multiple windows to see remittances and data extracted.

HighRadius

HighRadius is a Leader in this Magic Quadrant. HighRadius' Autonomous Receivables product is an AI-powered end-to-end platform for I2C automation, improved decision-making and business outcomes, such as DSO reduction. Its operations are mainly in Asia/Pacific. Its clients vary in size, with the highest concentration in large enterprises. HighRadius recently introduced GenAI to its I2C solutions with context-sensitive emails, chat-to-analytics and live call notes summarization. In 2024, it plans to expand the use of GenAI to its Freeda chatbot, enabling greater levels of customer self-service.

Strengths

- **AI capabilities:** HighRadius has a high number of AI and ML use cases compared to other vendors in this Magic Quadrant. Its analytics engine enables prediction of blocked orders and invoice payment dates and has trade promotion automatching capabilities based on customer payment behaviors. It leverages GenAI for sentiment analysis of calls, smart email composition and document scanning.
- **Product strategy:** HighRadius has a robust framework and data-driven approach to enhancing its products, enabling it to offer a high degree of out-of-the-box automation and ease of use for product differentiation. Its strategy and investments focus on using data for faster configuration and shorter implementation timelines.

- **Viability and growth:** HighRadius has the highest revenue growth rate compared to other vendors in this Magic Quadrant. It achieved profitability in 2023, increasing revenue via its white label, reseller, bank and BPO partnerships. HighRadius has a strong customer retention approach grounded in product improvement and customer connections to address issues, and growth strategies targeted to a mix of geographies, sectors, products and customer segments.

Cautions

- **Innovation focus:** Compared to other vendors in this Magic Quadrant, HighRadius has one of the highest investments in R&D, highest number of U.S. patents issued and pending, and lowest revenue per employee ratio. As HighRadius continues to invest in its I2C product and grows quickly, buyers should assess their need for additional innovative product enhancements against the vendor's short- to medium-term product roadmap.
- **Customer support:** HighRadius has a high employee turnover rate compared to other vendors in this Magic Quadrant, and reduced staff in sales, marketing, implementation and customer support. While customer service staff support customers globally 24/7, users of Gartner's client inquiry services indicate a lack of timely response to tickets raised. Clients can help themselves via self-service support capabilities.
- **Implementation:** While HighRadius invested in reducing implementation timelines with a data-driven approach to aid product configurations for each client, users of Gartner's client inquiry service indicate some implementation delays. Clients should request implementation preparation support, templates and readiness checks for I2C data and processes, and a governance framework for ensuring consistency in the implementation team.

Quadient

Quadient is a Niche Player in this Magic Quadrant. Quadient AR by YayPay is an AR automation platform covering the credit-to-cash process with configurability, no-code customizable workflows and global rules. Its operations are mainly in Europe and North America. Its clients vary in size, with the highest concentration in small enterprises. Quadient recently enhanced its cash applications functionality with optical character recognition (OCR) and ML to support automated matching of invoices and customer payments. In 2024, it plans to enhance its "To Do" feature to help collectors better manage their workloads with AI prioritization of tasks.

Strengths

- **Operations:** Quadient can leverage its broader operations, partner network and wide pool of resources, including shared sales, marketing and product development across multiple products and customers. Buyers may value its commitment and ability to offer a unified back office product, the Quadient Hub, that promises continued investment in its I2C product.
- **Product capability additions:** To enhance its product, Quadient displayed agility in its partnerships and merger and acquisition deals in 2023. Its Microsoft Azure partnership introduced GenAI capabilities to generate emails and email replies, while its acquisition of Daylight Automation provided intelligent form building capability, expected to further enhance its credit application functionality.
- **Innovation focus:** Quadient invests in R&D as a percentage of revenue at above-average levels compared to other vendors in this Magic Quadrant. Its innovation strategy focuses on customer behavioral analytics and introducing AI and GenAI technologies in the form of chatbots and data summarization features to automate and improve the user experience.

Cautions

- **Cash applications:** Quadient's solution relies on configurable rule-based workflows with OCR and ML for automatching of payments to invoices. Its support of unmatched items related to short payments, aside from early payments discounts taken, is limited compared to other vendors in this Magic Quadrant. Buyers interested in more automated processing of short payments and deductions and disputes may prefer other vendors' products.
- **Product strategy:** Quadient's product strategy focuses on building some needed features and functionality (e.g., real-time API connectivity for credit risk monitoring, out-of-box rules, bank and P2P portal integrations) that already exist in the market, in addition to AI and generative AI functionality. Clients may find a different mix of advanced product features from Quadient than are already available in the market.
- **Implementation:** Quadient's implementation approach focuses on custom-designed implementation and integration support and lacks standard templates, accelerators and defined methodology compared to other vendors in this Magic Quadrant. Buyers with limited IT resources may value Quadient's custom approach, while other buyers may prefer vendors with established implementation playbooks and tools.

Sidetrade

Sidetrade is a Leader in this Magic Quadrant. Sidetrade's Augmented Cash is powered by AI, a data lake, and its virtual assistant Aimie to make intelligent recommendations and accelerate the I2C cycle. Its operations are mainly in Europe and North America. Its clients vary in size, with the highest concentration in lower-midsize enterprises. Sidetrade recently rearchitected its data lake to add real-time data streaming for faster, up-to-date insights. In 2024, it plans to continue its data lake enhancement with insight delivery to all modules in its I2C application, including peer benchmarking, AP portal intelligence and predictive credit indicators.

Strengths

- **AI capabilities:** Sidetrade aggregates transactions and payment behaviors between clients and buyers in its data lake. This function provides clients with advanced analytics and automation capabilities for predicting payments for each customer, recommending the best collection action, and providing dispute and risk strategy recommendations.
- **Product strategy:** Sidetrade has a client-centric approach to prioritizing product features and functionality that enables product differentiation and ensures support for client I2C needs. It has a robust methodology for sourcing innovation. It launched Sidetrade Connect for greater B2B connectivity, and via the 2023 acquisition of CreditPoint Software, enhanced credit risk monitoring and customer onboarding.
- **Customer support:** Sidetrade has a dedicated and experienced customer success team that uses data lake data to inform, support and enhance the customer experience. It has ample customer support via community, live and self-service channels, and a more frequent release cycle compared to other vendors in this Magic Quadrant. This feature enables faster access to system updates, bug fixes and new product enhancements.

Cautions

- **Pricing structure:** Sidetrade's subscription-based pricing model is based on tiers of annual invoice value versus transaction volume, which can be cost-prohibitive to buyers with high value, but low transaction volume. Buyers should assess the cost of such pricing and consider how they compare to the industry benchmarks Sidetrade brings into sales conversations via its direct sales teams and partners.

- **Payments:** Sidetrade provides more limited payment integration, monitoring and management capability compared to other vendors in this Magic Quadrant. While it provides clients' customers a payment check-out experience, it requires its clients to bring their own payment service provider or leverage Sidetrade's partnership with Stripe.
- **Online visibility:** Sidetrade does not achieve the same levels of participation on its website and social channels compared to other vendors in this Magic Quadrant, which may impact the exposure of its I2C product to potential customers. This issue is despite its increased investment in marketing and growth in certain social media channels. Buyers may not find its product available as an option.

Versapay

Versapay is a Niche Player in this Magic Quadrant. Versapay's Collaborative AR and Cash Application solution drive collaboration between suppliers and buyers and create I2C efficiency with a shared, cloud-based experience, automation and self-service. Its operations are in North America. Its clients vary in size, with the highest concentration in small enterprises. Versapay recently enhanced its reporting capabilities to help clients better target and manage customer portal adoption. In 2024, it plans to add system-generated collections strategies using AI and ML to analyze online activity and generate and automate subsequent communications and workflows.

Strengths

- **Customer portal and payments capabilities:** With extensive payment acceptance, monitoring and management functionality, and full payment facilitator and ISO-related payment services, Versapay's customer portal has high adoption rates compared to other vendors in this Magic Quadrant. Clients may benefit from Versapay's interactive platform, full settlement, bank reconciliation and interchange optimization services.
- **Target customers:** Versapay targets small to midsize businesses in the I2C market with a focused value proposition to deliver a consumerlike experience in accessing and paying invoices. It also offers fast implementation, off-the-shelf integrations into ERPs, and customer and payments support. Buyers in the small to midsize segment may value its offering.

- **Customer support:** Clients benefit from industry-specific customer success managers via Versapay's focus on customer retention and ability to invest in its customer base. This focus is enabled by the high partnership revenue as a percentage of revenue with ERPs, financial institutions and resellers that also allows Versapay to drive deliberate growth and product attachment.

Cautions

- **Credit monitoring:** Compared to other vendors in this Magic Quadrant, Versapay's credit management solution is limited, as it is restricted to user-defined, rule-based workflows and tagging to request information and send notifications as the customer approaches their credit limit. Buyers in need of an out-of-the-box credit management solution may find this product lacking.
- **Geographic presence:** Versapay's customer base and operations are primarily in the U.S. and Canada. Buyers seeking a vendor with global operations, a worldwide partner network, and multicurrency and multilanguage product capabilities may find its lack of geographic support limiting.
- **AI capabilities:** Verapay's solutions rely on configurable rule-based workflows to support automation, collaboration and document sharing, with a lack of embedded AI and ML capability in its product, except for cash applications. Buyers interested in the use of payment predictions to prioritize collector work queues or advanced analytics and reporting should assess this vendor's short- to medium-term roadmap for such capabilities.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

BlackLine

Dropped

Serrala: While Serrala was evaluated in the previous two Magic Quadrants for this market, it decided in 2023 to focus exclusively on its SAP-embedded FS² solutions. It was dropped because its product offering can't be sold, implemented or operated as a stand-alone application per research inclusion criteria. Buyers using SAP as their ERP system may consider Serrala for their invoice-to-cash requirements.

Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant and Critical Capabilities research identifies and analyzes the most relevant providers and products in a market. By default, Gartner sets an upper limit of 20 providers to focus on them in greater detail. On specific occasions, the upper limit may be raised, when the intended research's value to clients would otherwise be diminished. The inclusion criteria represent the specific attributes Gartner analysts considered necessary for inclusion in this research.

To qualify for inclusion, providers had to fulfill the following criteria:

- The vendor has to have released its I2C application for general availability before 14 December 2023.
- The vendor should be able to sell, implement and operate its proprietary I2C application as a stand-alone application, without the requirement to bundle it with other ERP modules, accounting systems, business process outsourcing (BPO) or managed services contracts.
- The I2C application offering must exchange data across product capabilities and multiple ERPs.

- Each vendor must deliver a cloud-based I2C application that includes the following product capabilities:
  - Customer invoicing — The capability that integrates invoice data from ERP systems and distributes it to the customer through multiple channels, including email, text and portals
  - Collections — The capability that provides a single view of AR across ERPs and defines and automates collections actions, such as prioritizing calls and recording customer interactions
  - Customer payments — The capability that enables acceptance of customer payments through multiple payment methods and integrates with secure payment acceptance vendors that comply with the applicable network, national, local and other financial regulations and legislation
  - Cash applications — The capability that matches customer payments against the open invoices based on remittance information and predefined rules
- Vendors must deliver at least one of two product capabilities:
  - Deductions and disputes — The capability that enables the organization to track, code, route and resolve customer invoice deductions and disputes
  - Credit monitoring — The capability that leverages external data (for example, credit ratings) or internal data (for example, payment behavior) to alert collections teams on the credit risk posed by existing customers
- Each vendor must meet at least one of the following two financial criteria as of 30 September 2023:
  - It should have at least 275 active B2B customers of its I2C application.
  - It should have at least 150 active B2B customers of its I2C application, with at least 10% of these customers being new customer logos from the prior year.
  - Each vendor should have more than 100 customers of the I2C application with annual revenue above $50 million within the year ending 30 September 2023.

Honorable Mentions

Serrala: While Serrala was evaluated in the previous two Magic Quadrants for this market, it decided in 2023 to focus exclusively on its SAP-embedded FS² solutions. It was dropped because its product offering can't be sold, implemented or operated as a stand-alone application per research inclusion criteria. Buyers using SAP as their ERP system may consider Serrala for their invoice-to-cash requirements.

Evaluation Criteria

Ability to Execute

Gartner evaluates the vendors' Ability to Execute by assessing their product's services, sales and marketing execution, market responsiveness, customer experience, overall viability and operations. Analysts evaluate how these criteria enable the vendors to be competitive and effective in the market, support their ability to retain and satisfy customers, assist in creating positive perception and help them adequately respond to market changes.

In this Magic Quadrant, the product or service, customer experience and operations criteria are assigned high importance ratings. The ability to provide and implement a high-quality product that provides a great experience for clients and their customers is what motivates organizations to choose a product with I2C capabilities beyond what they find in their ERP solutions. Additionally, the overall viability and market responsiveness ensure vendors have sufficient funding and growth to continue developing their products and respond to the changing needs of customers in the market.

As corporate controllers become more aware of the I2C applications market, better sales execution and pricing becomes a more important factor for buying decisions. Buyers want transparency and feel assured they will get a return on their investment in the product and an implementation that best fits their needs.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	High

Source: Gartner (May 2024)

Completeness of Vision

Gartner assesses vendors' Completeness of Vision by evaluating their ability to articulate their perspectives on the market's current and future direction, anticipate customers' needs and technology trends and address competitive forces. Analysts also evaluate Completeness of Vision by vendors' understanding and articulation of how they exploit market forces to create new opportunities for themselves and their clients.

In this Magic Quadrant, market understanding, product strategy and innovation are assigned high importance ratings because the vendor's ability to anticipate and influence future customer requirements in its product are key differentiators in this market. With increasing market awareness, a vendor's ability to convey and differentiate its offering through its marketing strategy is critical. Additionally, business model and geographic strategy ensure vendors have a plan to grow their business and deliver value to organizations of different sizes across the globe.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2024)

Quadrant Descriptions

Leaders

Leaders demonstrate a market-defining vision of how I2C applications can help corporate controllers achieve their business objectives of improving cash flow while enabling efficiencies and predictive capabilities within their AR operations. They are in the strongest position to influence the market's growth and direction and provide mature offerings that meet market demand.

Leaders have the ability to execute their vision through their product strategy and are spearheading innovative ways to use and present data and bring AI/ML and GenAI to I2C processes. They have a high number of AI use cases deployed throughout their I2C application, such as predicting when customers will pay, the validity of deductions and likelihood of blocked orders or promises to pay being kept. Leaders' approach to product development is deliberate to differentiate their product from others.

Leaders have demonstrated strong revenue and customer growth — with existing and new customers. They have substantial market presence in geographies beyond their home region, and they serve customers across various organization sizes and industry verticals. Leaders have demonstrated effective use of their partners, such as systems integrators, banks, BPO providers and ERP vendors within their product development, sales, marketing and implementation efforts.

A Leader may not always be the best choice for every customer. A vendor that is not a Leader can sometimes provide superior support and commitment. Other vendors may provide a specialized capability that is essential for some organizations, such as high portal adoption rates. A vendor that focuses on a specific market or a limited geographic area may not be a Leader in the overall market, but it may be a competitive option within its chosen market or area.

Challengers

Challengers exhibit strong execution and product capabilities that address their client's evolving needs in the I2C applications market. They tend to have a strong understanding of the evolving needs of the I2C applications market, and have proven their ability to respond to those needs. They tend to have a clear message of who they are and what they do, and they are willing to expand market reach into the areas where they are not yet fully established.

Though Challengers have product features that meet customer needs, they do not demonstrate thought leadership or innovation to the same degree as Leaders. Their products do incorporate AI, albeit inconsistently across solutions. They may be a good choice for organizations that value execution and solid performance across the product suite over product innovation.

Challengers have a strong customer base and have established credibility and viability. They have a proven ability to win deals and are well-placed to succeed in this market. Challengers have demonstrated capabilities to target specific industry verticals and shift resources to new geographies to expand their market presence.

Visionaries

Visionaries exhibit a strong and differentiated vision and roadmap for delivering their product. They embody trends that are shaping, or will shape, the I2C applications market. Visionaries invest heavily in R&D and bring innovation and strong functionality to their platforms, with established core capabilities and AI, GenAI, NLP and insight generation deployed throughout their application.

Though Visionaries exhibit a differentiated vision, they are limited in terms of execution or track record and market presence. Their customer base and operations may be focused in specific geographies or they may have partners that support certain industries.

Visionaries may be an appropriate choice for organizations that want a solid product and innovation without a big brand. However, given their limited market presence, organizations evaluating Visionaries should closely evaluate these vendors' market presence for their organization size.

Niche Players

Niche Players offer compelling I2C applications, but their approach to helping corporate controllers achieve business objectives in I2C is more focused on a particular area or need of a specific set of buyers. For example, a Niche Player may focus on specific market segments or functionalities, such as small and midsize businesses or collaboration across the network of buyers and sellers. They may focus on meeting specific corporate controllers' needs, such as cash flow visibility. These vendors tend to display limited use of advanced digital capabilities, such as AI, within their roadmap when compared to vendors in other quadrants.

Niche Players may offer the best solutions to meet the needs of particular organizations and hence, their marketing and sales strategy is focused only on a specific subsegment of the market. Their business operations may be focused only in certain regions or countries, driving regional concentration of the customer base. Organizations evaluating Niche Players must understand their geography and solution focus and evaluate how well they align with their business objectives.

Although potential customers might assume vendors in the other quadrants are better choices for their I2C needs, Niche Players can be a good choice for prospective users in certain circumstances. That is, they might focus on a specific capability, organization size, complexity, geography or industry vertical that is relevant to particular users.

Context

While I2C applications support high-complexity organizations, they are increasingly sold to less complex small and midsize organizations. Such organizations are establishing and automating processes for the first time or growing quickly, with a need to support higher volumes of customer invoices and payments.

The following are key considerations and recommendations for assessing vendors that are best suited to meet buyers' needs:

- Pricing models — Evaluate which pricing model is right for you based on your current and future growth projections for modules needed, transaction volumes, number of integrations and number of users. Most vendors' pricing models are driven by transaction volume and the modules purchased, but some are user-based. Integrations to systems, such as ERPs, or additional currency or language options may cost extra.
- Implementation models — Evaluate each vendor's prebuilt connectors to ERPs, CRMs, banks, payment service providers, credit agencies and collections providers as well as accelerators (that is, preconfigured tools to expedite implementation and integration).
- Product roadmap — Evaluate vendors' future automation and AI roadmap in areas such as anomaly and error detection, narrative generation and chatbots to support collaboration. Consider your need for the most advanced and differentiating capabilities versus products with more limited AI capabilities that might also meet your automation needs.

For reference, vendors' customer size in this Magic Quadrant is described using the following parameters:

- Small — Less than $50 million
- Lower-midsize — $50 million to less than $500 million
- Upper-midsize — $500 million to less than $1 billion
- Large — $1 billion to less than $5 billion
- Extra-large — $5 billion or more

Market Overview

The I2C applications market continues to evolve due to increased regulations and demand for e-invoicing compliance, consumerization of payments options and capabilities, and demand for optimized processes to enable better transparency and efficiency in cash collections.

In response, vendors are expanding their product capabilities, implementation and support offerings, and tightening their focus on particular target customer segments where they can add the most value.

Market Trends

We have identified five trends related to the I2C applications market.

An integrated solution remains a key driver of I2C technology investment.

While first-time I2C application buyers are generally looking to enable automation and improve efficiency, the shift toward an integrated application to manage end-to-end I2C processes remains a key requirement for most corporate controllers. An integrated application enables predictive capabilities within the I2C process and enhances the end-customer experience by providing customers a single platform for receiving invoices, making payments and raising disputes. Additionally, as companies adopt composable technology strategies and vendors continue to add standard connectors, I2C applications can easily integrate into a client's existing ERP architecture, third-party platforms, and sales and operational tools. Integration enables speedier implementation and a more robust and collaborative end-to-end I2C process, both internally and with customers.

AI and ML use cases are increasing.

Vendors continue to build advanced and predictive analytics enabled by AI in their products as well as build GenAI use cases to increase end-user productivity and expertise via intelligent data aggregation and email correspondence creation. Vendors draw from customer and external data to provide actionable insights, including early credit risk identification, dynamic prioritization of collection activities based on payment behavior and credit risk, or increased cash application rates through intelligent document capture and machine learning. They are also using data to provide benchmarking to end users in their dashboards and as a sales inroad to quantify business outcomes with prospects. Finally, data and derived insights are used to optimize software configurations for collections strategies and increase the ease and speed of client implementations.

I2C vendors offer enhanced e-invoicing compliance support.

The requirement for e-invoicing compliance continues, with more and more governments implementing e-invoicing mandates and platforms that are nonstandard across jurisdictions. As a result, end users require more guidance and technological help to ensure they comply, and I2C application vendors have significantly increased their focus in this area. Several vendors have dedicated staff responsible for knowing the changing rules and more importantly, guaranteeing e-invoicing compliance for their customers.

Vendor focus on implementation and integration support is accelerating.

Vendors are continuing to refine their implementation strategies to provide an ROI more quickly in response to customer demand. Vendors are starting to use client data to tailor configuration strategies during the implementation process as well as build out business outcome-based performance targets that will be used to measure and monitor value continuously. Vendors are expanding and branding their integration capabilities with a growing number of prebuilt connectors, as well as supplementing and enabling immature IT departments with specific guidance for integration and implementation requirements.

Partnerships are increasing.

The market is seeing increased partnership between I2C vendors and:

- ERP vendors to enhance ERP I2C capabilities or offer prebuilt integrations with ERP systems and I2C applications
- Banks and payment providers to expand payment integration, management and monitoring options for clients and customers

- Banks, ERP vendors and BPOs in OEM and white-label arrangements, whereby they use the I2C application for their customers
- Systems integrators, consulting firms, private equity and BPO providers to scale sales and marketing, implementation and post-go-live coverage for I2C applications

Partnerships enable vendors to quickly adapt to rapidly changing technology innovations, such as those in the payments landscape, or extend their customer reach. We expect to see additional partnerships form as vendors expand their product capabilities and sales to customers in new geographies.

Acronym Key and Glossary Terms

B2B	Business-to-business
B2G	Business-to-government
BPO	Business process outsourcing
ISO	Independent sales organization
ML	Machine learning
OEM	Original equipment manufacturer
P2P	Purchase-to-pay
UI	User interface
UX	User experience

Note 1: Gartner BuySmart™

The Gartner BuySmart™ application helps guide you through technology evaluations with templates containing requirements and scorecards to help you select the best providers for your needs. Using a connected workflow, BuySmart enables you to conduct thorough evaluations to invest confidently. See the BuySmart template designed for evaluating invoice-to-cash applications.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

How Markets and Vendors Are Evaluated in Gartner Magic Quadrants

Innovation Insight: Improve DSO With Data-Driven Credit and Collections

Use the Five-Stage I2C Maturity Model to Improve Invoice-to-Cash

Kick-Start Credit and Collections Policy Development

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Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	High
Operations	High

Source: Gartner (May 2024)

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria	*Weighting*
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2024)